

Message Text

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ORIGIN ARA-14

INFO OCT-01 SS-15 ISO-00 SSO-00 CCO-00 /030 R

DRAFTED BY ARA/MEX:H.B.LANE:MRG
APPROVED BY ARA:W.H.LUERS
S/S: MR. TARNOFF
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FM SECSTATE WASHDC
TO USDEL SECRETARY IMMEDIATE

C O N F I D E N T I A L STATE 138449 TOSEC 060028

FOR SPIEGEL FROM TARNOFF

E.O. 11652: GDS

TAGS: PGOV, CVIS, ENRG, SNAR, CASC, MX

SUBJECT: BRIEFING MEMORANDUM: REQUESTED ADDITIONAL MATERIAL
FOR YOUR MEETING WITH MEXICAN SECRETARY OF FOREIGN RELA-
TIONS SANTIAGO ROEL, WEDNESDAY, JUNE 15, 9:00 PM

THE FOLLOWING IS ADDITIONAL INFORMATION/TALKING POINTS
FOR YOUR USE DURING YOUR MEETING JUNE 15 WITH ROEL.

1. WORKING GROUPS WITHIN THE CONSULTATIVE MECHANISM:
AT THE INITIAL MEETING OF THE US/MEXICAN CONSULTATIVE
MECHANISM WE AGREED TO ESTABLISH THREE WORKING GROUPS FOR
POLITICAL, SOCIAL, AND ECONOMIC MATTERS. THE WORKING
GROUPS WILL PROBABLY ESTABLISH SUBGROUPS ON SPECIFIC
ISSUES AS NEEDED. THE ECONOMIC WORKING GROUP HAS ALREADY
ESTABLISHED SUBGROUPS IN THE FOLLOWING AREAS: 1) ENERGY,
MINERALS, AND INVESTMENT; 2) TRADE; 3) FINANCE; AND 4)
TOURISM. WE HOPE TO FORWARD TO MEXICO NEXT WEEK OUR PRO-
CEEDINGS FOR THE WORKING GROUPS. IT WAS AGREED THAT
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THE WORKING GROUPS WOULD SUBMIT THEIR REPORTS TO YOU AND
ROEL WITHIN THREE MONTHS.

ROEL HAS INVITED YOU TO GO TO MEXICO IN SIX MONTHS FOR A
MEETING TO REVIEW THE WORK THAT HAS BEEN DONE AND

TO OUTLINE THE NEXT STEPS. WE CONTINUE TO BELIEVE THAT THE

MECHANISM SHOULD DEAL WITH THE BROAD ISSUES AND INTER-RELATIONSHIP, AND ENGAGE THE VARIOUS CONCERNED AGENCIES OF BOTH GOVERNMENTS.

YOUR TALKING POINTS

-- WE HOPE THAT THE WORKING GROUPS WILL BE ABLE TO START THEIR TASK THIS SUMMER.

-- FOR OUR PART, WE SEE THIS WORK AS ENCOMPASSING ALL THE MAJOR INTERESTS OF BOTH COUNTRIES.

-- I HOPE TO BE ABLE TO ATTEND THE REVIEW MEETING LATER THIS YEAR IN MEXICO.

2. UNDOCUMENTED WORKERS

THE MEXICAN GOVERNMENT IS WATCHING UNITED STATES POLICY EVOLUTION IN THIS AREA CLOSELY. IT HAS INDICATED THAT ANY ABRUPT INTERDICTION OF THE FLOW OF ALIENS, OR MASSIVE DEPORTATIONS OF THEIR CITIZENS BACK TO MEXICO WOULD PRESENT MAJOR POLITICAL AND ECONOMIC PROBLEMS THERE.

FOR OUR PART WE ARE SEEKING TO DEVELOP A POLICY WHICH IS BOTH EFFECTIVE AND HUMANE. EXECUTIVE BRANCH PROPOSALS ARE STILL EVOLVING, BUT THEIR GENERAL THRUST IS TWO-FOLD: TO REGULARIZE THE STATUS OF ILLEGALS ALREADY IN THE US, AND TO INCREASE CONTROL EFFORTS AGAINST THOSE WHO SEEK TO ENTER IN THE FUTURE. IT IS STILL TOO EARLY TO SPECIFY THE
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EXACT NATURE OF THE PROPOSALS WHICH WILL EVENTUALLY BE PUT TO THE CONGRESS.

YOUR TALKING POINTS

-- WE ARE FULLY AWARE OF THE STRONG MEXICAN INTEREST IN THIS MATTER. THIS WAS ONE REASON WE PROPOSED A WORKING GROUP TO DEAL WITH IT.

-- PRESIDENT CARTER IS COMMITTED TO TAKE ACTION ON THIS

ISSUE. WE WILL NEED TO SEND A TEAM TO MEXICO TO CONSULT WITH YOUR GOVERNMENT AS SOON AS THE OUTLINES OF OUR POLICY ARE DEFINED. THIS COULD BE AS EARLY AS NEXT WEEK.

3. MEXICAN ENERGY POLICY

MEXICO HAS ANNOUNCED ULTIMATELY RECOVERABLE RESERVES OF

AT LEAST 60 BILLION BARRELS. CURRENT PRODUCTION IS ABOUT ONE MILLION BARRELS PER DAY WITH MODEST EXPORTS. THE MEXICAN GOVERNMENT FEELS STRONG PRESSURE TO EXPAND OIL EXPORTS TO CUT ITS BALANCE OF PAYMENTS DEFICIT AND TO FINANCE ECONOMIC DEVELOPMENT.

PRODUCTION IS SCHEDULED TO GROW TO 2.2 MILLION B/D BY 1982, HALF OF IT EXPORTED. WITH ADDITIONAL INVESTMENT, MEXICO COULD PRODUCE EVEN MORE OIL. NATURAL GAS PRODUCTION WILL RISE TO AT LEAST 3.6 BILLION CUBIC FEET PER DAY BY 1982, WITH EXPORTS OF ONE TO TWO BILLION CF/D. WE HAVE ALREADY BEGUN CONTACTS WITH THE MEXICANS AIMED AT FACILITATING GAS SALES TO THE US, AND MEXICO HAS ANNOUNCED PLANS TO BUILD A GAS PIPELINE FROM CHIAPAS TO THE TEXAS BORDER.

MEXICO, WHICH NATIONALIZED ITS PETROLEUM INDUSTRY IN 1938,
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IS JEALOUS OF ITS INDEPENDENCE IN PETROLEUM AFFAIRS. IT IS CLEARLY UNWILLING TO BRING FOREIGN OIL COMPANIES BACK TO MEXICO ON ANYTHING RESEMBLING A CONCESSIONARY BASIS, ALTHOUGH IT HAS USED FOREIGN CONTRACTING COMPANIES.

WE WILL USE THE CONSULTATIVE MECHANISM TO SEE HOW WE MAY BE ABLE TO FACILITATE AND ENCOURAGE MEXICAN OIL AND GAS DEVELOPMENT. THE MEXICANS MAY SEEK US SUPPORT FOR OBTAINING FLEXIBILITY IN THE \$3 BILLION LIMIT ON NEW PUBLIC SECTOR BORROWING SET BY THE IMF STABILIZATION PROGRAM, IF FLEXIBILITY IS NEEDED TO FINANCE PETROLEUM DEVELOPMENT WITHOUT SACRIFICING GENERAL ECONOMIC GROWTH TARGETS.

YOUR TALKING POINTS

-- COOPERATION BETWEEN OUR TWO COUNTRIES IN ENERGY CAN BE MUTUALLY BENEFICIAL. THE SIGNIFICANCE OF PETROLEUM FOR MEXICAN ECONOMIC DEVELOPMENT IS OBVIOUS.

-- FOR OUR PART, WE WILL BE HAPPY TO MAKE AVAILABLE OUR EXPERIENCE AND TO PROVIDE THE MARKETS THAT MEXICO WILL NEED.

-- WE ARE PREPARED TO GIVE PRIORITY ATTENTION TO COOPERATION IN THE FIELD OF NATURAL GAS.

4. NARCOTICS CONTROL

WITH THE DISRUPTION OF THE TURKISH-FRENCH HEROIN CONNECTION IN 1972, THE FLOW OF MEXICAN HEROIN INTO THE UNITED STATES

INCREASED TO A LEVEL OF 80-90 PERCENT OF THE TOTAL, BASED ON SEIZURE DATA. MUCH OF THE MARIHUANA ENTERING THE UNITED STATES ALSO ORIGINATES IN MEXICO AND COCAINE TRANSITS THE COUNTRY ENROUTE TO THE UNITED STATES.

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CONSEQUENTLY, OUR MOST IMPORTANT NARCOTICS CONTROL ASSISTANCE PROGRAM IS IN MEXICO. OVER THE PAST SEVERAL YEARS THE UNITED STATES AND MEXICO HAVE INCREASED AND STRENGTHENED COMMON EFFORTS TO ERADICATE THE SOURCE OF OPIUM POPPIES AND SUPPRESS ITS TRAFFIC. APPROXIMATELY \$40 MILLION OF US ASSISTANCE HAS BEEN PROVIDED SINCE 1973. THE PROGRAM WAS SUBSTANTIALLY ENHANCED IN 1976 WITH THE MEXICAN DECISION TO USE AERIALLY SPRAYED HERBICIDES TO DESTROY POPPY FIELDS, EXPAND THE ERADICATION AREA TO INCLUDE NEW PRODUCTION ZONES, INCREASE THE ORGANIZATION AND LEVELS OF RESOURCES AND MOUNT A YEAR ROUND ERADICATION EFFORT. MEXICO'S ANTI-DRUG EFFORTS ARE SUBSTANTIAL IN FUNDS EXPENDED AND LIVES LOST IN ENFORCEMENT. THE SUCCESS OR FAILURE OF THE MEXICAN CAMPAIGN MUST BE MEASURED BY THE AMOUNT OF MEXICAN HEROIN ON US STREETS. IT APPEARS THAT MEXICAN ERADICATION EFFORTS OFFER THE PROMISE OF SHARP REDUCTION OF MEXICAN HEROIN SOON, BUT HEROIN ALREADY IN THE PIPELINE FROM MEXICO COULD SUPPLY THE US MARKET FOR A LENGTHY PERIOD.

THE LOPEZ PORTILLO ADMINISTRATION HAS REAFFIRMED ITS COMMITMENT TO A CONTINUATION OF A STRONG NARCOTICS CONTROL PROGRAM AND, IN FACT, HAS INTENSIFIED AND EXPANDED THE PROGRAM.

MEXICAN POPPY FIELDS, BEING ILLEGAL, ARE FOR THE MOST PART IN ISOLATED, MOUNTAINOUS FEDERAL LANDS. THE GOVERNMENT HAD MADE CLEAR IN THE PAST THAT IT WOULD NOT COMPENSATE ANY FARMER FOR GIVING UP ILLEGAL ACTIVITIES RECENTLY INSPIRED BY THE DRUG TRAFFICKERS. HOWEVER, PRESIDENT LOPEZ PORTILLO HAS EXPRESSED HIS CONCERN IN CAMPAIGN TALKS ABOUT THE PLIGHT OF THE POOR FARMERS WHO ARE LURED BY THE TRAFFICKERS TO AN ILLEGAL BUT LUCRATIVE CROP.

YOUR TALKING POINTS

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-- WE APPRECIATE MEXICO'S FINE EFFORTS IN THE FIGHT AGAIN--

ST NARCOTICS TRAFFICKING. WHILE WE ARE BEGINNING TO SEE DEFINITE RESULTS IN THE UNITED STATES, MUCH STILL REMAINS TO BE DONE.

-- THE UNITED STATES GOVERNMENT IS PLEASED WITH THE MEXICAN GOVERNMENT'S INCREASED COMMITMENT AND EXPANDED

EFFORTS RELATED TO THE NARCOTICS CONTROL PROGRAM.

5. US CITIZEN PRISONERS IN MEXICO

TO HELP ALLEVIATE THE PROBLEM OF LARGE NUMBERS OF AMERICANS (CURRENTLY ABOUT 600) IN MEXICAN JAILS, OUR TWO GOVERNMENTS SIGNED A TREATY ON NOVEMBER 25, 1976, WHICH WOULD PERMIT A NATIONAL OF THE US OR MEXICO CONVICTED OF A CRIME IN THE OTHER NATION TO SERVE HIS SENTENCE IN A PENAL FACILITY LOCATED IN HIS OWN COUNTRY. THE TREATY, WHICH WAS RATIFIED BY THE MEXICAN SENATE ON DECEMBER 31, 1976, NOW REQUIRES RATIFICATION BY OUR OWN SENATE AND IMPLEMENTING LEGISLATION.

YOUR TALKING POINT

-- WE APPRECIATE MEXICO'S EFFORTS IN SOLVING THIS THORNY ISSUE AND ARE HOPEFUL THAT THE US CONGRESS WILL SHORTLY RATIFY THE TREATY AND ENACT IMPLEMENTING LEGISLATION.

CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TOSEC, BRIEFING MATERIALS, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 15-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE138449
Document Source: CORE
Document Unique ID: 00
Drafter: H.B.LANE:MRG
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770213-0968
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770654/aaaabuw.b.tel
Line Count: 252
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4c10777c-c288-dd11-92da-001cc4696bcc
Office: ORIGIN ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 06-Apr-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2140737
Secure: OPEN
Status: NATIVE
Subject: BRIEFING MEMORANDUM: REQUESTED ADDITIONAL MATERIAL FOR YOUR MEETING WITH MEXICAN SECRETARY OF FOREIGN RELATIONS SANTIAGO ROEL, WEDNESDAY, JUNE 15, 9:00 PM
TAGS: PGOV, CVIS, ENRG, SNAR, CASC, MX, US, (VANCE, CYRUS R), (ROEL GARCIA, SANTIAGO)
To: SECRETARY
Type: TE
vdkgvwkey: odbk://SAS/SAS.dbo.SAS_Docs/4c10777c-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009